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# STATE OF INDIANA

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DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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## **School Property Tax Control Board Meeting Minutes July 20, 2006**

The monthly meeting of the School Property Tax Control Board was held on Thursday, July 20, 2006. The meeting was held in the Indiana Government Center South, Conference Center Room 2, 302 West Washington Street, Indianapolis, IN 46204. Those in attendance were Joe Bronnert, Roger Umbaugh, Morris Mills, Debbie Hineline, Dave Bowen, Kurt Barrow and Teresa Hemmerle, Administrative Officer.

**Minutes and Discussion:** June 15, 2006 meeting minutes.

**MSD of Decatur Township, Marion County:** Officials requested approval of a lease rental agreement with maximum annual payments of \$11,165,000 for 23 years. Total project costs are \$85,000,000. The tax rate impact is \$0.3914 with a new facility appeal rate impact of \$0.0319 expected. The common construction wage was passed by a vote of 2-0-1 with the Governor's representative abstaining. There was no application for a petition and remonstrance process.

**Present for the hearing** was Donald Stinson, Superintendent; Dr. Jeff Baer, Assistant Superintendent; Dr. Debbie Sullivan, Assistant Superintendent; David Rather, Assistant Superintendent; Kathy Wiseman and Judy Collins, School Board members; Joe Preda, High School Principal; Wayne Schmidt, Anna Marie Burrell and Kevin Shelley, Architect; Scott Kennell and Scott Peterson, Construction Manager; Sid Baker, City Securities Corporation and Jeff Qualkinbush, Barnes & Thornburg.

**Project:** The main objective of the building project is to incorporate MSD of Decatur Township's mission and vision into the physical building.

To work with the new evolving curriculum to develop a new facility approach to educational facilities.

To protect the community's investment and heritage that exists in the Historic High School.

To plan for construction phasing to minimize the disruption to the education process and to shorten the overall construction schedule.

Schmidt Associates, Inc. will develop an educationally award winning facility that serves as a flagship school for the school corporation and the community of Decatur Township.

Be good stewards for the taxpayers within Decatur Township in all decisions made throughout the design and construction of the project.

Create a facility with systems that will improve function, operations, and educational value, while allowing for future growth.

Meet early with administration personnel and all departments to ensure that current and future needs are being carefully considered by the project design.

Review the function and layout of each learning community carefully and locate classrooms accordingly to best meet the needs of each department now and in the future.

Design classrooms to also serve as prep area for teachers. Classrooms should also be designed for modern technology including ceiling mounted projectors, lap top capabilities for students, “smartboards”, and wireless technology.

Media Center should adequately serve the needs of the school without competing with the community library.

Develop classroom layout that works around a small learning community approach.

Special education classrooms should be distributed throughout the learning communities.

Build offices for administration near the main entry for improved security and visibility. Additional administration and guidance should be located at the gateways to the learning communities.

Renovate the existing auditorium to maintain 1,000 seats with new finishes and modern theatre technology.

The existing physical education/athletic areas will have limited renovations. The renovation will focus on the upgrades of existing MEP systems, finishes and new lockers. A new pool will be included in the project which will allow the space being vacated by the by the existing pool to have a new use.

Provide adequate event/student parking and student drop-off areas that are separate from bus drop-off and visitor parking, while providing good drainage for the site.

The primary goal of the renovation and addition to Decatur Central High School is to enhance the education of current and future students by providing an environment which directly reflects the mission and vision of the school corporation. The project will create a small learning center based facility while reflecting the good stewardship of the MSD of Decatur Township. This goal will be achieved through a total construction cost of \$85 million.

The project proposes to renovate approximately 100,000 square feet of existing space and add additional space for a total of approximately 460,000 square feet. The project is designed to accommodate 1,800 students in four separate academic learning communities. The core facilities of the media center, cafeteria and kitchen will be designed to accommodate future student body

expansion totaling 2,000. This would allow the building to have a fifth small learning community.

In keeping with MSD Decatur Township's vision, the physical learning environment of the new facility will, "...provide a welcoming, safe, productive, learner-centered environment for learning to occur."

Portions of the existing building in disrepair will be demolished. The existing physical education and auditorium areas will be renovated to respond to current curriculum. Equipment and casework in good condition, such as the science area, will be protected and reused in the new addition.

The renovation work at Decatur Central High School includes reorganizing the back stage areas of dressing rooms and set design and expanding the choir area into the current band space. Also included will be the infilling of the existing pool and renovating that space into fitness/weights and/or wrestling. The existing locker rooms will be updated as well.

New construction includes the addition of the four learning communities, media center, central offices, cafeteria/kitchen, mechanical room, pool and auditorium support spaces. A multi-purpose instructional facility will be included as an alternate.

Demolition project costs are \$1,219,356. The High School remodeling project costs are \$11,775,408. The new addition project costs are \$63,500,784. The early childhood project costs are \$500,000. Transportation facility project costs are \$6.5 million.

**Comments:** The Superintendent spoke about the project. The following is a portion of the comments prepared by the Superintendent:

"About six years ago, our Board formed a community-wide group known as the Growth for Education Committee. Their job was to analyze the facility needs at all of our schools. The Board received a report of that comprehensive study identifying over 125 million dollars of needed facility improvements. Our board recognized that while there was a pressing need for all of the improvements described in the report, the board did not believe the taxpayers could afford the cost of all of those projects at one time. Therefore, in 2002, the school corporation entered into a lease with its local building corporation and funded fifty million dollars of reconstruction and renovation projects at our four elementary schools and the construction of the new Richard G. Lugar intermediate learning center for all of our students in fifth and sixth grade. At that time, this was the project most needed due to the age of those facilities and the overcrowded conditions existing in our elementary and middle schools."

"In 2004, the school board re-convened the Growth for Education Committee to examine the remaining facility needs in our district. At the conclusion of an eight month review, the Committee recommended to the board that the next project should be focused on a significant renovation and reconstruction of our high school due to its significant overcrowding and age, most of which was built in the 1960s. During this same time, the School Corporation was the only Indiana public school corporation to receive an

education enrichment grant from the Bill and Melinda Gates Foundation. We used this money to begin analyzing our high school teaching methods, which led to the opening of our charter school, the Decatur Discovery Academy. With this background, we received additional funding from the Lilly Endowment for an even more in-depth investigation of the methods being used in elementary and secondary schools to improve the delivery of education to our students in today's society. After almost two years of investigation and analysis, we determined that the system yielding the best and most consistent results is the small learning community education model."

"Small learning communities are essentially schools within a school. In our case, the high school will have 5 small learning communities containing approximately 350 students in each community. While all of the core subjects will be taught in each community, each community will approach these subjects from a different perspective or view. One community might be a humanities community and view the core subjects from the humanities or artistic viewpoint. Another community will be more a math/science community in its viewpoint of these same subjects. We anticipate that while students would have the flexibility to move from one community to another during their high school years as their interests change, most of the students would remain in the same community during their entire four years at Decatur Central High School. This would create deeper relationships with other students and with a core group of 12 teachers. In addition, each teacher would be not only a teacher of a certain subject but a counselor/mentor for a small number of students during the students' four years in the community. All of this has allowed for the development of a higher level of accountability with each student on both a peer-to-peer level as well on a student-teacher level and has also allowed teachers in different disciplines to team-teach students for the first time."

"While this model is new to Indiana public schools, it has been in existence in several school districts throughout the United States for several years, and the results of this approach to education are very impressive. During a recent five year period, graduation rates increased by twenty-two percentage points, attendance increased by thirteen percentage points and reading test scores increased by more than twenty-five percentage points. With these kinds of results, our community, the administration and the board all believe the projects before you today are some of the most important projects not only for our school corporation but for all public schools in the State of Indiana because upon completion of these projects, we will be able to deliver education to our high school students in a way that enhances academic performance across the board."

"Our community has validated this plan at every step of this process. After the Growth for Education Committee report was presented to the board, the board had several discussions at its public meetings regarding the potential financial impact of these projects and the findings and issues regarding small learning communities. In addition, I personally met with about 40-50 prominent members in our community to discuss in great detail these projects and our vision for Decatur Township Schools based on small learning communities. We also had three public forum sessions in late January and early February to present to the entire community the projects before you today as well as the delivery of education to our students through small learning communities. At all of these

sessions, at the 1028/preliminary determination public hearing, at every board meeting since that hearing and even at our public hearing on the lease held earlier this week, we have not received one negative comment about these projects, the cost of these projects, or the concept of using small learning communities.”

“Some of you might remember that our projects in 2002 went through the 60-day petition-remonstrance process, which was led by a former Board member. While we were very successful in that process -- winning by more than several thousand signatures -- we expected that we may have to go through the petition-remonstrance process on these projects based on our experience in 2002. However, I am pleased to tell you that no petition was ever filed requesting the application of the petition-remonstrance process to these projects. In addition during our board election in May of this year, all four of the candidates running for the three board positions were openly supportive of these projects, the financing and the small learning community educational model. Based on all of this, we believe that the board and staff have accurately interpreted the will of our community on the importance of these projects to our students and our community.”

“To fund these projects, our construction and financing team has estimated that first mortgage bonds would be issued by our local nonprofit building corporation in a principal amount not to exceed \$85,000,000. As you saw in the materials we provided to you, we had several public discussions regarding the repayment structure for these bonds based on our outstanding leases and bonds. Based on the significantly lower tax rate impact and the fact that these projects were the second phase of a larger scope of projects, the board chose and the community agreed to structure the repayment to wrap-around our other debt service fund obligations. The bonds of the building corporation will be repaid through a lease with a term no longer than 23 years, and with a maximum lease payment not to exceed \$11,165,000, which occurs in 2021 and 2022. This repayment structure will have a maximum tax rate impact of about thirty-nine cents, which we estimate will increase the tax bill of a home with an assessed value of \$100,000 by about eighteen dollars a month. We have also made it clear to our community at all of our public forums and public hearings that the increased square footage of the reconstructed high school facilities will probably result in an annual increase in our general fund operating costs of about three hundred seventy-five thousand dollars over our current operating costs and will require a new facility appeal tax rate increase of a little over three cents. We have not heard any complaints from our community about this small tax rate impact.”

Mr. Bowen questioned that a construction cost breakdown was not included in the materials submitted. Mr. Baker said that is not required. Mr. Bowen asked if there was a detailed estimate available. Mr. Schmidt said the estimate by the architect and construction manager were separate. Mr. Bowen asked that the cost estimates be submitted to the DLGF. Mr. Bowen questioned the construction management fee of 8.7%. Mr. Baker said the construction manager is not pricing the fee in the traditional way. It is typically a 3% fee with another 3.5% for contingencies. This project is including all in the construction management fee and the contingency listed on the hearing information sheet is completely building contingency. Mr. Bowen asked what would be done with any remaining contingency. Mr. Baker said it would remain with the building corporation. Mr. Bowen asked if it could be used to reduce the debt and Mr. Baker replied that is an option. Mr. Bowen asked if there were plans for any remaining

contingency funds. The Superintendent said the original high school is being used for early childhood learning and is partially empty. Officials would like to update it to help handle the growth in the district. It would be possible to use this facility as an additional elementary school with a lesser cost than building a new one. Mr. Bowen asked what the cost would be for this type of project. The Superintendent estimated \$2 to \$4 million to make it usable as an elementary school and the community wishes to maintain this historic facility.

Mr. Bronnert asked why a portion of the high school would be demolished. The Superintendent said it was determined to be less costly to rebuild this section rather than reconfiguring that space. Mr. Bronnert asked what heating and cooling options were considered and Mr. Schmidt replied geothermal to four-pipe. Mr. Bronnert asked what type was selected and Mr. Schmidt said four-pipe.

Mr. Mills asked if the facility was on electric heat and Mr. Schmidt replied yes.

Mr. Umbaugh felt the bond insurance estimate seemed high. Mr. Baker replied he used a conservative estimate based on the unknown impact of the circuit breaker legislation. They have seen bond insurance up to 40 basis points and he used 50 in his estimate. Mr. Umbaugh asked how many bond insurance companies are currently doing business in Indiana. Mr. Baker said of the four major insurance companies, there will be one maybe two that bid. Mr. Umbaugh asked where bond insurance was a year ago and Mr. Baker replied in the 15 to 17 basis point range.

Mr. Mills asked if problems would arise if action by the control board were delayed a month on this project. Mr. Qualkinbush replied the goal is to issue this debt before the end of the year, which would eliminate capitalized interest in the amount of \$3 to \$5 million. Delaying action would hold up the design process as well. Mr. Mills asked if anyone was concerned about who will cover this debt when the circuit breaker is in effect. Mr. Qualkinbush noted the DLGF has issued an opinion that debt must be covered first, even if other funds must be used to cover the payments. This would force school districts to reduce budgets in other funds to cover the debt if this would occur. Mr. Baker noted the overall tax rate in the district is approximately \$3.50. According to his rough analysis, a home would have to be valued at \$400,000 for the circuit breaker to be in effect and there are very few of those types of homes in the area.

Ms. Hine line asked why the \$2.8 million in loose equipment was not being paid for out of the Capital Projects fund. Mr. Baker said this is a standard method of financing and these items are expected to have a useful life to match the term. Dr. Baer noted the Capital Projects fund budget is already tight and technology would have to be cut to cover this expense. Mr. Baker noted the equipment budget is not including furniture since they are going to utilize what is already there. The Superintendent noted the science lab furniture is an example of items to be reused. Ms. Hine line questioned the high cost of the transportation facility and asked if there was anything special about it to explain it. The Superintendent said the facility also would house the maintenance and printing departments. This facility will replace a large amount of space and moving these departments to a central area will improve the flow of traffic. Ms. Hine line noted the need for additional land was not reported on the hearing information sheet. The Superintendent said the land owned by the school corporation near the Ameriplex was not considered a good location for this facility. The school corporation traded this land with

Ameriplex for another parcel with some additional cost. Ms. Hineline asked how the cost per acre was determined and the Superintendent said it was based on the average of the required appraisals.

Mr. Barrow asked what the school board vote was at the lease hearing and the Superintendent replied 5 to 0. Mr. Barrow noted the high debt to assessed value ratio of the school corporation. The Superintendent said officials have discussed this situation and are concerned about it. The high school was built in 1965 with little work on it since, but has been added to as needed for growth. Officials are now trying to catch up on the maintenance of the facility. The district is growing and they expect 200 to 300 additional students per year. Officials will look for every opportunity to reduce the cost of this project such as using current furnishings and equipment. A building is also available in the district that could be used for classroom space. Mr. Baker noted that fourteen years remain on the \$50 million bond issued previously.

Mr. Mills noted the debt service rate is level over the term of the repayment.

Mr. Barrow asked why the hearing information sheet reports a negative bonding capacity. The Superintendent said that is due to the outstanding pension bonds. Mr. Barrow asked why there is a need for a new swimming pool. The Superintendent said the current pool was built in 1969 with one renovation that removed the windows in the pool area. The current pool is six lanes, but most competition pools are eight lanes. There is no diving area currently. Since there is no other pool available in Decatur Township, the school facility is used heavily by the community. Basically the current facility is worn out and the cost to renovate it was \$5 million. This is the only non-academic piece officials felt was needed. Mr. Barrow asked if the current pool would be closed and the Superintendent said yes and would be used for other purposes. Mr. Barrow asked if any reductions were made to this project by school officials. The Superintendent said the community wanted a new high school on the southern part of the district, but that option would cost \$120 million or more. School officials and the school board felt with the athletic fields and the access of the current facility on Kentucky Avenue that a new high school at another site was not an option. Officials also felt renovating the current auditorium was less costly than building a new performing arts center. The costs of the open areas have been reduced to focus the project on classroom spaces. Mr. Barrow asked how this project will better serve the educational needs of students and retain students through high school. The Superintendent said when he first came to the district data showed that of the over 400 students in eighth grade only 200 were graduating. Officials have worked the past few years and searched for ways to improve this situation. The grants he mentioned earlier have helped in this endeavor. They are designing small learning communities to focus on areas of different interests. Staff development assists teachers in effectively teaching in a small learning communities. Mr. Barrow asked about the statistics on the programs in Denver and Seattle. The Superintendent said in Kansas City they experienced a 22% increase in the graduation rate, attendance improved by 13% and reading scores improved 25%. These improvements were realized at an inner-city school that was struggling to remain open and is now a shining star. There are some lower income residents in Decatur Township. Mr. Barrow asked about the pavilion building listed on the schematic design. The Superintendent said that is Armstrong pavilion and is a facility that includes 5 basketball courts, a walking track and locker rooms. This is a pole barn-type building and represents the only recreational facilities in the township and has served the community well.

Mr. Bowen asked if there is a special provision for students since this is a three year construction project. The Superintendent said they are working on a transition plan currently to maintain the educational environment. Mr. Baker noted this project phasing is included in the contingency costs.

Mr. Bronnert felt officials showed there is a need for this project. He noted the control board is concerned of the cost to the taxpayers as well as the ramifications of the new facility appeal. Mr. Bronnert suggested the analysis Mr. Baker prepared on the effects of the circuit breaker be submitted to the DLGF.

Mr. Mills suggested the DLGF prepare a study on the effects of the rate freeze cap.

**Motion:** Mr. Bronnert made a motion to approve a lease rental agreement with maximum annual payments of \$11,165,000 for 23 years. Mr. Bowen seconded the motion, which favorably carried 5-0-1. Mr. Mills abstained from the vote.

**Bremen Public Schools, Marshall County:** Officials requested approval of a lease rental agreement with maximum annual payments of \$1,265,000 for 17 years. Total project costs are \$15,171,000 with \$1,551,000 from the Capital Projects fund. The tax rate impact is \$0.2901 with no new facility appeal planned. The common construction wage scale was passed with the AFL-CIO representative voting against and the Governor's representative abstaining. There was no application for a petition and remonstrance process.

**Present for the hearing** was Russ Mikel, Superintendent; Stephanie Pittman, Treasurer; Jeff Unsicker, Maintenance Director; Don Harrison, High School Principal; Tim Yoder, Technology Director; Frank DeSantis, School Board Vice-President; Harold Wyland, School Attorney; Greg Miller, Community representative; Kari Vilamaa and Dana Wannemacher, Architects; Curt Pletcher, HJ Umbaugh, and Jane Herndon and David Nie, Ice Miller.

**Project:** High School Safety & ADA Improvements:

- Replace Fire Alarm System
- Replace P.A. System
- Gym Bleacher Repair
- More Secure Door Locks and Key Card Access
- Exterior Lighting at Entrances
- Open up Space between Weight Rooms, Develop Training Room
- Football Field-Pressbox
- Fire Suppression System for Kitchen Hood
- Make Main and Auditorium Entrances ADA Accessible, Replace Doors at three locations
- Renovate Restrooms, including New Ceilings, Partitions, ADA Upgrades

High School Instructional Improvements:

- Upgrade Electrical Distribution in Older Areas
- Upgrade Classroom Power including Ceiling Projectors
- Upgrade Industrial Tech and Agricultural Areas



- Convert three Science Labs into Four Classrooms
- Addition of four New Science Labs, Storage, Prep and Corridor
- Two New Classrooms

#### High School HVAC Improvements:

- Replace Classroom Unit Ventilators and Cabinetry/Storage, Add Air Conditioning
- Replace Heating and Air Conditioning Control System
- Replace Boilers
- Replace Classroom Ceilings/Lighting
- Replace Media Center Ceiling/Lighting
- Stand-alone Cooling System for Technology Room
- Air Condition Kitchen
- Install better Ventilation for Food Lab
- Air Condition Main Gym

#### High School Swimming Pool Improvements:

- Improve Lighting, Ventilation and Filtration
- Enlarge Seating and Provide Designated Timing Area
- Locker Rooms with Storage Below
- Air Lock Entrances

#### High School Other Improvements:

- Parking
- Re-do Crown on Football Field
- Construct Outdoor Restrooms
- Concession Stand Renovation
- Replace Fixtures in Restrooms
- Replace Dust Collector
- Replace Auditorium and Media Center Roofs
- Technology Budget
- Multi-Purpose Room in Courtyard
- Seating, Acoustical Clouds, Lighting, Fire Curtain, Stage Floor and Rigging Upgrades in Auditorium

#### Elementary/Middle School Safety & ADA Improvements:

- Replace Fire Alarm System Throughout Building
- Replace P.A. System
- K-8 Playground Renovation and Security
- Install ADA Entrances in Two Locations
- Remodel Office Area into Locker Rooms, Concessions
- Relocate Office Area

#### Elementary/Middle School Instructional Improvements:

- Develop Speech Room at West End

- Addition of Four New Classrooms
- Enlarge Small Classrooms

#### Elementary/Middle School HVAC Improvements:

- Replace Heating and Air Conditioning Control System

#### Elementary/Middle School Other Improvements:

- Renovate Restrooms in 7<sup>th</sup> Grade Wing
- Add Girls' Restroom at the West End
- Technology Budget

**Comments:** The Superintendent spoke about the project. He began as Superintendent one year ago as the planning for this project had already begun. The district has 1,500 students and serves the city of Bremen and German Township. The patrons actively support the school system. There is a long history of a strong manufacturing community in Bremen. There has been an increase in the Hispanic and Asian populations in the school district as well as the Amish population. The school district covers 65 square miles. The facilities in the district include a K-8<sup>th</sup> grade facility with 1,020 students and a 9-12 high school with 453 students. The high school has won numerous awards including being named a Four Star school by the Indiana Department of Education and a Gold Award from the US Department of Education. Officials wanted to allow ample opportunity for public input. There were four separate committees formed and reports from these committees were given to the school board in January 2003. A facility study was done in September 2003 and the school board held a retreat in April 2004 to focus on the project. The scope of the project was revised several times in 2004. The new Superintendent and school board members were updated on the progress of the project. The long term master plan was reviewed in July 2005 to consider other options including a new K-4<sup>th</sup> grade building with a cost of \$14 million or a new middle school. Neither of these options would address the needs at the high school. The project was reviewed in August 2005 and revised in September/October 2005. Several meetings were held in November and December to discuss the project and the needs for improvement. There were building tours on December 19, 2005 to view the problems that needed to be addressed. The required hearings were held in March 2006 and there was no petition opposing the project filed. The petition of support for the project had over 200 signatures. The demographic study completed by Dr. Jerome McKibben showed a slight increase in enrollment over the next five years, then a slight decrease followed by a recovery to stable enrollment. Officials are experiencing an increase in special education students as well as English as a second language students. The program for high ability students also needs to be addressed. There has been an increase in the number of teachers, but they lack the space to house them and they are forced to move from classroom to classroom. The district has experienced an increase in the number of students attending college. The committees that were formed to develop this project were comprised of administrators, community members, school board members, school staff and teachers and students. The project will update a 1962 facility to accommodate more programs to meet educational needs and address safety issues. The locker rooms are in poor condition and ventilation is a concern. The playground equipment at the K-8<sup>th</sup> facility needs to be replaced. A coordinated P.A. system will be installed for use during emergencies. The football press box has no handrails on the ladder and the roof is soft and there are no railings currently. The office for the K-8<sup>th</sup> facility will be moved to improve

security as teachers are pulled from classrooms to watch the entrance currently. Officials will address efficiency concerns by replacing old boilers and installing a heating/air conditioning control system. It is hoped the savings of the more efficient equipment will offset the need for a new facility appeal. The technology room lacks temperature control currently and addressing this issue would increase the life of computers and equipment. The project will address ADA issues at the entrances and restrooms as there are only two ADA access entrances currently. There will also be upgrades to partitions, stools, urinals and sinks to meet current codes. The project upgrades and adds science classrooms and labs as well as increased space for industrial and agricultural shop and CAD labs. The size of classrooms will be increased and upgrades to electrical and classroom power will allow for current technology. The pool filtration system needs to be replaced and the dressing area expanded. The auditorium contains the original equipment and it is difficult to replace lights because it is difficult to locate the necessary parts. A multi-purpose room will be added in a court yard area to accommodate large group student instruction and meetings. The community requested the debt service remain the same and the term shortened to reduce the interest expense. They will be utilizing Rainy Day and Capital Project funds to help fund this project. Officials proposed eleven different financing options to the school board. A common school loan pays off in 2007 and the mortgage bond will be paid off soon as well.

The School Board Vice-President continued the discussion. The school board wanted broad based input from the community on this project. He feels they have great support on the need and the scope of the project.

Greg Miller, local businessman, spoke about the project. He is the third generation in a family business with two children currently in the school system. His wife served on the athletic committee that studied the project. He has heard constant feedback from the community that supported level debt service on this project.

Mr. Bowen asked for the Superintendent to repeat the statistics he mentioned earlier. The Superintendent said they have experienced an increase of 24 special education students and the English as a second language program has increased to 180 students, which is an increase of 177 over the last five years. Mr. Bowen asked for the total number of students in the district and the Superintendent replied 1,454. Mr. Bowen asked when officials expected to reach the new capacity of 1,568. The Superintendent said they were not sure they would reach that number and it depends on the needs the area of programs. Mr. Bowen asked if population growth is expected in the area. The Superintendent responded growth is expected over the next five years and then level off.

Ms. Hineline asked who would oversee the project. The Superintendent said they did take bids for a construction manager, but they are opting for an extended services agreement with the architect. The cost for a construction manager was \$400,000 versus the extended services at \$145,000.

Mr. Umbaugh suggested separating the interest earned from the capitalized interest on page 10 of the hearing information sheet. He noted the 17 year amortization schedule does not reflect an

increase in the assessed value, so the debt service tax rate impact would actually decrease. He noted his preference for using the Capital Projects fund to help pay for projects as in this case.

Mr. Bronnert asked what comparisons were done for geothermal heating. The Architect replied they did not consider geothermal for this project due to the configuration of the facility and that part of the building is not being addressed with this project. The current boilers will be replaced with more efficient boilers and the project only adds six new classrooms and science labs. Mr. Bronnert asked if the facility utilizes gas for heating and the Superintendent replied yes.

**Motion:** Mr. Bowen made a motion to approve a lease rental agreement with maximum annual payments of \$1,265,000 for 17 years and a total project cost of \$15,171,000. Ms. Hineline seconded the motion, which favorably carried 5-0. Mr. Mills was absent from the vote.

**Adjournment:** There was no further business to discuss and the meeting was adjourned.